

## Message Text

LIMITED OFFICIAL USE

PAGE 01 ATHENS 05350 021710Z

61

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-03 TRSE-00 XMB-07

OPIC-12 CIEP-03 LAB-06 SIL-01 OMB-01 SAJ-01 SAM-01

IO-14 CEA-02 STR-08 DRC-01 /192 W

----- 080705

R 021550Z AUG 74

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 4741

INFO USMISSION EC BRUSSELS

LIMITED OFFICIAL USE ATHENS 5350

E.O. 11652C N/A

TAGS: EFIN, EGEN, PFOR, PINT, MILI, GR

SUBJECT: CALL ON MINISTER OF FINANCE PESMAZOGLOU

1. SUMMARY: DURING MY INITIAL CALL AUGUST 2, MINISTER JOHN PESMAZOGLOU GREETED ME WITH CORDIAL WELCOME AND IMMEDIATELY MADE IT CLEAR THAT HE APPRECIATED THAT USG AND I DURING RECENT YEARS HAD FAVORED DEMOCRATIC SOLUTION IN GREECE TO EXTENT THAT USG FOREIGN POLICY CONSIDERATIONS PERMITTED. HE SAID HE ALSO HOPED IT WAS UNDERSTOOD IN WASHINGTON THAT HIS OWN EARLIER PUBLIC CRITICISMS OF U.S. POLICY WERE AIMED AT SUSTAINING A SINCERE MORAL POSITION AS SOMEBODY WHO HAD TO SPEAK OUT AGAINST THE MILITARY DICTATORS. HE ADDED THAT HE FIRMLY BELIEVES IN CLOSEST RELATIONSHIP BETWEEN GREECE AND U.S. BASED ON MUTUAL UNDERSTANDINGS WHICH SHOULD BE WORKED OUT WITH A DEMOCRATICALLY ESTABLISHED GREECE. HE THOUGHT IT WOULD BE USEFUL TO START A HIGH-LEVEL DIALOGUE AS SOON AS POSSIBLE, AND SAID HE AND ALL OF GREECE WOULD WELCOME STATEMENT BY TOP-LEVEL USG OFFICIAL TO EFFECT THAT U.S. APPLAUDS AND FULLY SUPPORTS EFFORTS NOW BEING MADE TO LEAD GREECE BACK TO A RESPECTABLE DEMOCRATIC LIFE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ATHENS 05350 021710Z

HE APPEARS DETERMINED TO TRY TO LEAD GREECE'S ACTIVIST YOUTH

TOWARD A LIBERAL (WESTERN EUROPEAN) POLITICAL RESTRUCTURING OF GREECE'S DEMOCRATIC INSTITUTIONS. OTHER ITEMS OF INTEREST WERE AS FOLLOWS:

2. POLITICAL AIMS - PESMAZOGLOU STATED CARAMANLIS NEEDED SEVERAL MONTHS IN WHICH TO DETERMINE AND TO DEAL WITH GREECE'S MAJOR PROBLEMS WHILE ALSO PREPARING FOR ELECTIONS. PESMAZOGLOU SAID HE ANTICIPATED THREE OR FOUR MAJOR POLITICAL GROUPINGS WOULD EMERGE INCLUDING HIS OWN DEMOCRATIC REFORM MOVEMENT WHICH WOULD SEEK TO ATTRACT THOSE YOUTHS WHO HAD SUFFERED UNDER THE MILITARY DICTATORS. HIS MAIN AIM WOULD BE TO LEAD THEM CONSTRUCTIVELY TOWARD NEW AND MORE PERMANENT DEMOCRATIC INSTITUTIONS WHICH WOULD HELP TO PRESERVE GREEK DEMOCRACY WITHOUT DRIVING THE PEOPLE TO POLITICAL EXTREMES. HE THOUGHT THE GREEK PEOPLE WERE READY TO DEVELOP A MORE STABLE POLITICAL LIFE. IN THIS VEIN, HE APPLAUDED LEADERS OF GREECE'S POLITICAL LEFT FOR PRESENTLY SHOWING RESTRAINT AND THOUGHT THEY HAD IMPORTANT ROLE TO PLAY AS LONG AS THEY PUT NATIONAL INTERESTS ABOVE THEIR FOREIGN TIES.

3. BALANCE OF PAYMENTS - PESMAZOGLOU SAID GREECE FACED A CURRENT ACCOUNT DEFICIT OF \$1.2 TO \$1.5 BILLION IN 1974 AND WOULD NEED TO ARRANGE FOREIGN FINANCING OF SEVERAL HUNDRED MILLION DOLLARS BEYOND SYNDICATED EURODOLLAR LOAN ABOUT TO BE COMPLETED FOR \$150 TO \$200 MILLION. WHILE HE BELIEVED IBRD AND EUROPEAN INVESTMENT BANK COULD BE COUNTED ON FOR PROJECT ASSISTANCE, HE WOULD PREFER TO SAVE IMF DRAWING RIGHTS FOR EMERGENCIES. HE SAW MERIT IN MY SUGGESTION THAT GREECE MIGHT EVENTUALLY CONSIDER A BOND ISSUE THROUGH PRIVATE CONSORTIUM OF INTERNATIONAL INVESTMENT BANKS. HE AGREED THAT SUCH A SOLUTION WOULD REQUIRE ADVANCE PREPARATION INCLUDING STATEMENTS ON GOG ECONOMIC POLICY AND FULL DISCLOSURE OF GREECE'S ECONOMIC POSITION.

4. FOREIGN INVESTMENT - HE STATED HE WOULD FAVOR SELECTED INVESTMENTS THAT WOULD PERMIT GREECE TO EXPORT PRODUCTS RATHER THAN WORKERS. HE THOUGHT RATE OF INVESTMENT IN TOURIST FACILITIES SHOULD BE REDUCED. HE ADDED THAT FOREIGN INVESTMENTS SHOULD BE ENCOURAGED ONLY IF THEY COULD ADAPT TO GREECE SUFFICIENTLY TO BECOME PART OF GREEK SOCIAL STRUCTURE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ATHENS 05350 021710Z

5. EEC - PESMAZOGLOU SAID HE WOULD BE IN CHARGE OF REVIVING GREECE'S RELATIONS WITH EEC AND HE HOPED TO BE ABLE TO GO TO BRUSSELS EARLY IN SEPTEMBER TO WORK OUT MORE EFFECTIVE RELATIONSHIP.

6. MILITARY EXPENDITURES - WHILE MAINTAINING THAT GREECE SHOULD PURSUE A PROGRAM TO MAINTAIN MILITARY STRENGTH, HE SAID HE WAS

HOPEFUL THAT EFFORTS TO SHORE UP GREECE'S RELATIONS WITH INTERNATIONAL INSTITUTIONS AND OTHER NATIONS WOULD REDUCE NEED TO PILE UP EXPENSIVE MILITARY HARDWARE. HE NOTED THAT HE INTENDED TO LOOK CAREFULLY INTO ALL ASPECTS OF BUDGETING AND FINANCING GREECE'S MILITARY PROGRAMS, AND SAID HE WOULD WELCOME EVERY OPPORTUNITY TO DISCUSS THESE MATTERS WITH COMPETENT U.S. OFFICIALS.

7. COMMENT: I FOUND PESMAZOGLOU IS DEDICATED, CONSTRUCTIVE FRAME OF MIND WITH SHARP PROFESSIONAL EYE ON GREECE'S ECONOMIC PROBLEMS, BUT ALSO PREOCCUPIED WITH POLITICAL SITUATION AND DETERMINED TO TRY TO LEAD YOUNGER PEOPLE OF GREECE TOWARD A BETTER

POLITICAL FUTURE PATTERNED ON WESTERN EUROPEAN LIBERAL PATTERN. JUST WHERE HIS DEMOCRATIC REFORM MOVEMENT WILL END UP REMAINS TO BE SEEN, BUT HE APPEARS TO BE ONE OF MORE RESPONSIBLE POLITICAL FOCAL POINTS PRESENTLY AVAILABLE THAT COULD APPEAR TO GREECE'S YOUNG PEOPLE WHO WANT TO PLAY A POLITICAL ROLE.  
TASCA

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT REFORM, FOREIGN INVESTMENT, MILITARY EXPENDITURES, DIPLOMATIC DISCUSSIONS, POLITICAL PARTIES, YOUTH GROUPS, BALANCE OF PAYMENTS DEFICITS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974ATHENS05350  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740211-0814  
**From:** ATHENS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740880/aaaacqwf.tel  
**Line Count:** 134  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 APR 2002 by shawdg>; APPROVED <25 JUN 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CALL ON MINISTER OF FINANCE PESMAZOGLOU  
**TAGS:** EFIN, EGEN, PFOR, PINT, MILI, GR, (PESMAZOGLOU, JOHN)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005